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To: FMC.Maritime(secretary)
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Subject: Docket 01-08 Comments

Attached are the comments of XL Specialty Insurance Company relative to your Notice of Inquiry under Docket 01-08.

(See attached file: 01090601.doc)

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**BEFORE THE
FEDERAL MARITIME COMMISSION**

**THE IMPACT OF THE GOVERNMENT PAPERWORK ELIMINATION ACT AND THE
ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT**

DOCKET NO. 01-08

COMMENTS OF XL SPECIALTY INSURANCE COMPANY

XL Specialty Insurance Company ("XL Specialty") submits the following comments in response to the Notice of Inquiry published by the Federal Maritime Commission ("FMC" or "Commission") in Docket No. 01-08, The Impact of the Government Paperwork Elimination Act and the Electronic Signatures in Global and National Commerce Act.

XL welcomes the opportunity to provide industry commentary, input and observations on the impact of the government Paperwork Elimination Act and the Electronic Signature in Global and National Commerce Act.

Please accept these comments on behalf of XL Specialty concerning the Impact of the Government Paperwork Elimination Act and the Electronic Signatures in Global and National Commerce Act. XL Specialty is an active underwriter of the OTI bond forms, and quite possibly the surety underwriting the greatest number of OTI entities.

I. OVERVIEW

As a surety company, XL Specialty's primary interaction with the FMC involves the filing and/or termination of various surety bonds and bond riders. These bonds are currently identified by Form FMC-48, 69, 132A, and 132B. XL Specialty has very little experience with Forms 132A and 132B, and concentrate its efforts on FMC Forms 48 and 69.

As a general comment, XL Specialty encourages the ability to process such forms in a paperless and electronic environment. We have recently begun working with the Federal Highway Administration ("FHWA"), regarding Property Broker bonds by utilizing their website at http://fhwa-li.volpe.dot.gov/LIVIEW/pkg_menu.prc_menu. Their site permits a surety to terminate bonds. The FHWA may also permit the electronic

handling of other insurance products, but XL Specialty's has no experience outside the scope of the Property Broker bond filing. We find the FHWA's web-site to meet our needs and have encountered no problems with the simplicity and use of that system. XL Specialty encourages the FMC to view the FHWA's website and to confer with the staff of the FHWA to obtain their feedback in order to determine if a similar procedure utilizing the FHWA's interactive website can be adopted by the FMC.

In developing an electronic filing system as an alternative to paper filings, XL Specialty recommends that the Commission could also permit the ability of sureties to file bond riders electronically. XL Specialty is aware of the following changes that may be effected through a bond rider:

- Change of name of OTI
- Change of address of OTI, or OTI branch office
- Addition/Deletion of OTI branch office
- Addition/Deletion of OTI to Group Bond form FMC-69

With regard to the NOI Questions presented by the FMC, XL Specialty provides the following comments:

1. Forms FMC 48, 69, 132A, 132B. Our experience is primarily with OTI bonds, and we consider the information to be of medium sensitivity. The Commissions regulations require that ocean carriers transact business with OTI's that are either licensed (forwarders and domestic NVOCCs) or tariff and bonded (NVOCCs). Providing a public platform where the bonding status could be queried and viewed would be supportive of the intent of the regulations.
2. XL Specialty is not now using, nor do we have plans to use any form of electronic signature technology as a part of our business activities. Unless a need arises, and we have not yet identified one, we would not advocate the implementation of such technology.
3. Yes, we do use and are familiar with PKI and Automated Certificates of Electronic Signature. On a limited basis, certain portions of our intranet websites utilize electronic signature certificates.
4. Benefits that we anticipate would be the ability to speed up the cycle time of filing bonds, bond riders, and issuing bond termination notices. We would not be encumbered by the mail delays, the expenses of overnight courier services, or the risks of misdirected or lost mail. There would also be immediate confirmation of the filing by the FMC to the sureties.
5. We do not envision any additional risks to the data or the transaction, but we would expect that such an environment would permit the bond filing to be done by the surety or surety's authorized agents, and not by the OTI (or

regulated entity). The variable data of the bond form, such as the OTI license number (or name if an unlicensed entity), bond number, bond effective date, bond amount, and the ability to schedule the additional branch office locations should be all that is required (the FMC staff would already know the surety through a password login process). This information should not be confidential.

6. We do not foresee any obstacles or barriers that may impede the successful establishment of electronic options. We presume the electronic options would utilize a broadly adopted communications medium such as the internet, and industry standard browsers. The selection of proprietary communications standards, equipment, and software could limit the level of participation.
7. We view all three, confidentiality, integrity, and availability as very important issues, but of the three, the most important would be integrity. Everything about the bond, from who the principal is, to the dates of coverage, to the amount of financial responsibility must be free from any intentional or unintentional manipulation of the data.

We are willing to meet with the FMC to discuss any of the foregoing, and will also make ourselves available to provide additional feedback, etc. XL welcomes the opportunity to provide any further assistance to the Commission as it continues to review the comments to this docket.

Respectfully submitted,

XL SPECIALTY INSURANCE COMPANY

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